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By Edward Neilan

**Spy arrest dims
'fresh start' hopes**

The silence from Peking has been deafening, following the arrest of former Central Intelligence Agency analyst Larry Wu-tai Chin on charges of spying for the People's Republic of China.

The timing of the arrest on Nov. 22 could not have been worse from the perspective of the "fresh start" that many Chinese and Americans had hoped was near in the relationship.

China's only response to the Chin case so far has been a terse denial: "We do not know that man," a spokesman said.

Not so, says the FBI, which claimed in a court hearing last week that Chinese officials needed two months to translate each shipment of material from Mr. Chin. His role was so significant that Mr. Chin's identity was known to only a few officials within China's intelligence services.

FBI agent Mark R. Johnson said at the hearing that Mr. Chin was the guest of honor at a banquet in Peking in 1982 that was attended by top Chinese intelligence officers. "He was treated royally," Mr. Johnson said.

The case, which underlines the United States' pathetic foreign language vulnerability, raises many questions. Are there other Chinese spies in our midst? Was the exposure of Mr. Chin timed to prejudice U.S.-China relations, just as they were making new headway? Did an earlier Soviet defector (before Vitaly Yurchenko) identify Mr. Chin as a spy?

The Chin case is an enigma wrapped in a fortune cookie.

Despite the heavier publicity given to the case of Jonathan Jay Pollard, the Naval counterintelligence analyst, and his wife Anne Henderson-Pollard, caught spying for Israel, it is thought that Mr. Chin's activities have caused much more damage to U.S. security.

Despite shrugs from some officials that "everybody does it," the spying charge against China could do particular harm to sensitive ties. There is hardly a more delicate area of diplomacy for the United States than the U.S.-China-Taiwan triangle.

Trade issues and the rocky negotiations toward a nuclear agreement were only two of the friction points in Washington-Peking relations. The situation had seemed to improve after President Reagan's visit to Peking last year.

But there were incidents, like the one last May in which the U.S. administration called off a planned visit to Shanghai by three American destroyers because China insisted on advance assurances they wouldn't carry nuclear arms. It is against U.S. policy to specify whether ships are armed with nuclear warheads.

However, it is the U.S. relationship with Taiwan, particularly in the area of arms sales, that causes the most concern in Peking.

With the naming of two new ambassadors recently — Winston Lord for the United States and Han Xu for China — it was hoped that a new era might be ushered in between the two Pacific nations.

Speaking to an audience at Meridian House just two days before Mr. Chin was arrested, Ambassador Han was upbeat about the future. But he said much depended on how Washington handles Peking's drive for reconciliation and reunification with Taiwan.

Mr. Han dangled the settlement with Britain on Hong Kong under the "one country, two systems" formula as a model. He also went further than any Chinese spokesman ever has by saying that Taiwan — which calls itself the Republic of China — could retain its own army after reconciliation. That is a departure from the Hong Kong plan, which calls for stationing troops of the People's Liberation Army in the British Crown Colony when it transfers to China's control in 1997.

China's Catch 22 is that while Taiwan could have its own army, it should not be supplied with arms by the United States under independent arrangements, since that would infringe on Peking's sovereignty.

Mr. Han, born in Jiangsu province in 1924, has been his country's vice minister of foreign affairs and served here as deputy chief of the Liaison Office of the People's Republic of China from 1973 until formal ties were established in 1979. He has served several tours in the Soviet Union, and was his country's chief of protocol. In that capacity, he greeted Henry Kissinger on his secret mission to Peking in 1971.

Mr. Han makes no secret of his goal to have the U.S. aspect of the "Taiwan question" settled during his term as ambassador. He cites the several communiques, starting with the first Shanghai Communique of 1972, as guidelines in the relationship. The real sticking point is the Taiwan Relations Act — U.S. legislation that governs American ties with Taiwan. China says the act interferes in China's internal affairs, but Americans may say the same thing about Chinese attacks on legislation passed by the U.S. Congress.

"We hope the United States will not pose any obstacles to the reunification of Taiwan with China," Mr. Han says.

The urgency is understandable. Aging Chinese leader Deng Xiaoping needs support for his open-door modernization program. Peking would much rather deal with the present generation of leaders in Taiwan. After Mr. Deng, and Taiwan President Chiang Ching-kuo are gone from the scene, it will be a new ball game on both sides of the Taiwan Strait.

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